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October 17, 2002

Dennis L. Keschl, Administrative Director
Maine Public Utilities Commission
242 State Street
State House Station 18
Augusta, ME 04333-0018

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Austin
Bergerson
Case file*

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MAINE PUBLIC
UTIL. COMM.

Re: Bangor Hydro-Electric Company. Request to Construct Transmission Line of 100
or More Kilovolts Between the Chester Substation and the East Millinocket
Substation, Docket No. 2002-343

Dear Dennis:

Enclosed for filing please find the original and seven copies of a Stipulation. Other parties to this proceeding are expected to file separately executed signature pages or submit letters indicating they do not object to the Stipulation being approved by the Commission.

It is our hope that this Stipulation can be considered by the Commissioners at their deliberations scheduled for Tuesday, October 29th. Thank you for your cooperation.

Sincerely,

William S. Harwood

WSH/vls
Enclosure

cc: Service List

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

BANGOR HYDRO-ELECTRIC COMPANY

**Re: Request to Construct Transmission Line of
100 or More Kilovolts Between the Chester
Substation and the East Millinocket Substation**

STIPULATION

Docket No. 2002-343

Bangor Hydro-Electric Company (BHE), the Office of the Public Advocate (OPA), Industrial Energy Consumer Group (IECG), Georgia Pacific Corporation (GP), Central Maine Power Company (CMP), and Maine Public Service Company (MPS), hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Stipulation is to allow BHE to commence construction of the Proposed Line, pursuant to 35-A M.R.S.A. § 3132, as soon as reasonably possible in order to take advantage of favorable weather conditions and thereby reduce the environmental impact and cost of the construction of the Line. The provisions agreed to herein have been reached as a result of information gathered through discovery and discussions among the parties in this case.

II. PROCEDURAL BACKGROUND

On June 7, 2002 BHE formally notified the PUC of its intent to file a Request for a Certificate of Public Convenience and Necessity (CPCN). On August 1, 2002 the formal CPCN request was filed seeking authorization to construct a 115 kV transmission line between a new substation in Chester and a new substation near East Millinocket (the Proposed Line). By

Procedural Order dated August 21, 2002, petitions to intervene of OPA, GP, IECG, CMP and MPS were granted. A PUC Technical Conference was held on September 26, 2002.

BHE has expressed a desire to commence construction of the Proposed Line as soon as reasonably possible and, more specifically, before the ground freezes in the Millinocket region. BHE has indicated that, although much progress has been made on the ISO-NE System Impact Study (SIS) and related NEPOOL Section 18.4 approval process for the Proposed Line, those processes will not be completed until near the end of the year. BHE is fairly confident, based upon the extensive research and analysis already completed, that the SIS and 18.4 processes will not require significant changes in the project as proposed. Accordingly, BHE has proposed, and the parties have agreed, that the Commission may issue an Order permitting BHE to commence construction of the Proposed Line at its own risk but reserve for a Final Order, to be issued after the SIS and 18.4 processes are completed, the final disposition of BHE's request.

III. APPROVALS AND FINDINGS BY COMMISSION

Based upon the record in this case, the parties to this Stipulation agree and recommend that the Commission issue an Order which approves, accepts and adopts this Stipulation, including the following provisions:

1. Authorization to Commence Construction. BHE may commence construction of the Proposed Line by doing the specific construction activities listed as Attachment 1 hereto but in no event is BHE authorized to spend more than \$4.5 Million on such activities without further authorization from the Commission. BHE may not complete construction of the Line until a Final Order is issued in this proceeding.

2. Future Modifications. In the event the Commission denies BHE's request for a Final Order in this proceeding or includes conditions in any Final Order in this proceeding and

those conditions require BHE to modify any construction already commenced pursuant to any Order issued in response to this Stipulation, BHE agrees that its commencement of any construction shall be of no legal significance in determining the lawfulness of any such denial or condition.

3. Monthly Progress Reports. Until the Final Order is issued in this proceeding, BHE shall file monthly progress reports summarizing all significant developments related to the development and construction of the Proposed Line.

4. No Rate Recovery. BHE agrees that it will not seek recovery from ratepayers, other than Brascan Energy Marketing, Inc., their agents, guarantors or affiliates (collectively BEMI), of any direct or indirect costs related to the development or construction of the Proposed Line. In conjunction with the issuance of a Final Order in this proceeding, the parties agree to address the merits of a limited exception to this provision to allow BHE to recover such costs from other ratepayers if: (a) BHE is unable to recover the full amount of such costs from BEMI; and (b) the Proposed Line is the most economical means for BHE to serve those other ratepayers.

5. Precedent for this Case. This Stipulation, if accepted by the Commission, shall be binding upon the parties to this Stipulation in any future litigation in this proceeding to the same extent as if the Commission included the substantive provisions of this Stipulation in a PUC Order issued in this proceeding without the parties entering into this Stipulation.

6. Extension of Time. The parties agree not to oppose an extension, pursuant to 35-A M.R.S.A. § 3132 (2), of the statutory deadline for completion of this proceeding to the extent an extension is reasonably necessary to give the parties and the Commission adequate time to review the final results of the ISO-NE SIS process and the NEPOOL Section 18.4 process.

IV. PROCEDURAL STIPULATIONS

1. Staff Presentation of Stipulation. The parties to the Stipulation hereby waive any rights that they have under 5 M.R.S.A. §9062(4) and Section 742 of the Commission Rules of Practice and Procedure to the extent necessary to permit the Advisory Staff to discuss this Stipulation and the resolution of the issues addressed in this Stipulation with the Commissioners at the Commission's scheduled deliberations, without providing to the parties an Examiners Report or the opportunity to file Exceptions.

2. Record. The record on which the parties enter into this Stipulation and on which the Commission may base its determination whether to accept and approve this Stipulation shall consist of (a) this Stipulation; (b) all documents and information provided in responses to written or oral data requests; and (c) the transcripts of any Technical Conferences and any other material furnished by the Advisory Staff to the Commission, either orally or in writing, to assist the Commission in deciding whether to accept and approve this Stipulation.

3. Non-Precedential Effect. This Stipulation shall not be considered legal precedent, nor shall it preclude a party from making any contention or exercising any rights, including the right of appeal, in any future Commission investigation or proceeding or any other trial or action.

4. Stipulation as Integrated Document. This Stipulation represents the full agreement between the parties to the Stipulation and rejection of any part of this Stipulation constitutes a rejection of the whole.

5. Incorporation of Attachments: All attachments referred to in this Stipulation are incorporated herein by reference and are intended to be considered as part of this Stipulation as if their terms were fully set forth in the body of this Stipulation.

6. Void if Rejected. If not accepted by the Commission in accordance with the provisions hereof, this Stipulation shall be void and of no further effect and shall not prejudice any position taken by any party before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

Respectfully submitted this 17th day of October, 2002.

Office of the Public Advocate

By: _____

Industrial Energy Consumers' Group and
Georgia Pacific

By: _____

Central Maine Power Company

By: _____

Maine Public Service Company

By: _____

Bangor Hydro-Electric Company

By: William S. Harwood

Proposed Construction Activities

November

1. Clearing and installation of the substation access road
2. Clearing of the substation areas
3. Commence clearing of the transmission line
4. Establishment of erosion and sediment control measures
5. Begin substation earth work, ground grid, and foundation work

December

1. Continue clearing of transmission line corridor
2. Continue ground grid and foundation work on substation
3. Establish transmission line construction lay-down areas
4. Begin delivery of supplies to lay down areas (poles, etc.)
5. Continue to establish line construction erosion and sediment control
6. Begin pre-blasting work, blasting certain pole locations, and pole installation, running of wire

January

1. Continue substation work, begin steel erection
2. Installation of substation fence
3. Begin substation control building construction
4. Continue transmission line pole installation, running of wire

February

1. Continue construction of substation
2. Begin installation of substation electrical equipment
3. Continue transmission line construction and running of wire

March

1. Continue substation construction and installation of electrical equipment
2. Continue transmission line construction and running of wire